

Sonoma County Office of Education  
Business Services

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**EXTERNAL PAYROLL AND FINANCE UPDATES**  
**DBUG MEETING: March 25, 2021**

**Reminders:**

- **System for Awards Management Account (SAM)**
  - If your district/charter has a SAM login please make sure that your tax identification number matches your school district or charter
  - It has come to our attention that some districts might still have SCOE's tax id associated with their account
  - Please remove SCOE's tax id and county banking information if it is still attached to your district or charter
  - If you need assistance with this process, please contact SAM directly
    - <https://sam.gov/SAM/pages/public/generalInfo/contactUs.jsf>
  
- **CalSTRS Retirees hired as independent contractors and paid through Accounts Payable**
  - Please fill out the attached CalSTRS Retiree earnings paid through AP document and send to Alli Britton at SCOE ([ABritton@scoe.org](mailto:ABritton@scoe.org))
  - These earnings count towards the retirement earnings limit
    - Retiree Earnings Limit for 2020-21 is \$47,713
  
- **Update Employee Management in Escape to clean up employees who have not worked for your district/charter in the last year**

**Updates**

- **Senate Bill (SB) 95 signed into law on March 19, 2021**
  - Legislation Expands COVID-19 Paid Sick Leave (Supplemental Paid Sick Leave, SPSL)
  - New qualifying reasons for leave under SB95
    - Attending an appointment to receive a vaccine
    - Experiencing symptoms related to COVID vaccine
  - If an employer did not compensate an employee who took leave after January 1, 2021, for one of the qualifying reasons, the employer shall provide the covered employee with a retroactive payment that provides for such compensation. (Upon the oral or written request of the employee)
  - Employers are required to display a poster about this leave in an easily viewable location for employees
  - Please see attached notices from School Services of California and School & College Legal Services
  - Here is the link to Senate Bill 95

- [https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=202120220SB95](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220SB95)

➤ **New Sales & Use Tax Rates Effective April 1, 2021**

- Needs to be updated in Escape on April 1, 2021

➤ **CalSTRS Employer Directive 2021-01 (Attached)**

- AB 2101 requires employers to take new action on a few items
- Leave of Absence
  - Creditable compensation now includes employer-approved compensated leave of absences
  - January 1, 2016 – forward
- Elected Officer
  - Education Code section 22711 grants members service credit for time during which they are on a compensated leave of absence to serve as an elected officer of an employee organization
  - *Prior to AB 2101* – this did not cover situations in which elected officer duties were performed during a partial leave of absence
- CalSTRS Retirement Incentive Program
  - Education Code section 22714 allows employers participating in the CalSTRS Retirement Incentive Program to provide eligible DB Program members with 2 years of additional service credit if the member elects to retire during a specific window period
  - If the member reinstates to active status, receives unemployment during the year after receiving the incentive, or takes a job within the district that granted the incentive within 5 years of retirement, the member will lose the ongoing increase in the benefit
  - *Prior to AB 2101* – this did not address situations in which a retired member took a job as an independent contractor or an employee of a third party within the district that granted the incentive

**CALSTRS RETIREE EARNINGS PAID THROUGH ACCOUNTS PAYABLE**

Date: \_\_\_\_\_

To: SCOE Retirement Desk / Alli Britton / [abritton@scoe.org](mailto:abritton@scoe.org)

District: \_\_\_\_\_ Contact Person: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Email: \_\_\_\_\_

Address: \_\_\_\_\_

CalSTRS Retiree Name: \_\_\_\_\_ Social Security #: \_\_\_\_\_

STRS Retirement Date: \_\_\_\_\_

Amount(s) Paid: \_\_\_\_\_ Period Worked: \_\_\_\_\_

Type of Work Performed: \_\_\_\_\_

Basis of Pay:     Daily             Monthly             Annually             (Choose One)

**Please attach a copy of the paid invoice(s) to this document.***Please note:*

CalSTRS retirees that perform creditable service and are paid through accounts payable must be reported to CalSTRS. If you have paid a CalSTRS retiree through accounts payable, please fill out this form immediately after processing the payment and send it to the Sonoma County Office of Education, STRS Retirement Desk.

Please make sure the CalSTRS retiree has been informed of the annual earnings limit and is aware that these earnings are being reported to CalSTRS for the time period they have been earned (not necessarily when paid) and will count against the annual earnings limit.



# SCHOOL & COLLEGE LEGAL SERVICES OF CALIFORNIA

*A Joint Powers Authority  
serving school and college  
districts throughout the  
state.*

5350 Skylane Boulevard  
Santa Rosa, CA 95403

Tel: (707) 524-2690  
Fax: (707) 578-0517  
santarosa@sclscal.org  
www.sclscal.org

*General Counsel*  
Carl D. Corbin


*Attorneys*  
Monica D. Batanero  
Jennifer Henry  
Nancy L. Klein  
Damara L. Moore  
Jennifer E. Nix  
Steven P. Reiner  
Kaitlyn A. Schwendeman  
Loren W. Soukup  
Erin E. Stagg

*Of Counsel*  
Ellie R. Austin  
Robert J. Henry  
Frank Zotter, Jr.

## LEGAL UPDATE

March 24, 2021

**To:** Superintendents, Member School Districts (K-12)

**From:** Nancy L. Klein, Senior Associate General Counsel 

**Subject:** Supplemental Paid Sick Leave for Qualifying Reasons Related to COVID-19 (SB 95)  
Memo No. 11-2021

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Beginning March 29, 2021, Labor Code section 248.2 requires employers with more than 25 employees to provide Supplemental Paid Sick Leave (“SPSL”) to employees who are unable to work or telework for any of the following Qualifying Reasons (“QR”):

1. Employee is subject to a COVID-19 quarantine or isolation period as specified in an order or guideline by the California Department of Public Health (“CDPH”), federal Center for Disease Control (“CDC”) or a local health officer with jurisdiction over the workplace.
2. Employee has been advised by a health care provider to self-quarantine due to concerns related to COVID-19.
3. Employee is attending an appointment to receive a COVID-19 vaccine.
4. Employee is experiencing symptoms related to a COVID-19 vaccine that prevent the employee from being able to work or telework.
5. Employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis.
6. Employee is caring for a family member<sup>1</sup> who is subject to an order or guidelines described in QR 1 or 2, above.

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<sup>1</sup> “Family member” means any of the following:

- (1) A **child**, which for purposes of this article means a biological, adopted, or foster child, stepchild, legal ward, or a child to whom the employee stands in loco parentis. This definition of a child is applicable regardless of age or dependency status.
- (2) A biological, adoptive, or foster parent, stepparent, or legal guardian of an employee or the employee’s spouse or registered domestic partner, or a person who stood in loco parentis when the employee was a minor child.
- (3) A spouse.
- (4) A registered domestic partner.
- (5) A grandparent.
- (6) A grandchild.
- (7) A sibling.

(Lab. C. 245.5(c), 248.2(b)((1)(F) – Healthy Families Healthy Workplaces Act Definitions)



7. Employee is caring for a child<sup>2</sup> whose school, place of care is closed or otherwise unavailable for reasons related to COVID-19 *on the premises*. (Lab. Code 248.2(b)(1))

## LEAVE ALLOTMENT

The number of SPSL hours a “covered employee”<sup>3</sup> is entitled to is based on the number of hours the employee works or is scheduled to work. (Lab. Code 248.2(b)(2))

- 40-Hour Employees: Up to 80 hours for covered employees who are full time and scheduled to work at least 40 hours per week in the two weeks preceding the date the employee took SPSL leave.
- Less than 40-Hour Employees: The total number of hours the covered employee is normally scheduled to work for the employer over two weeks.
- Employees with a Variable Schedule for Six or More Months: 14 times the average number of hours the covered employee worked each day in the six-month period preceding the date the covered employee took SPSL.
- Employees with a Variable Schedule for More than 14 Days and Less than Six Months: The average number of hours the covered employee worked over the entire period the covered employee has worked for the employer.
- Employees with a Variable Schedule for 14 or Fewer Days: The total number of hours the covered employee works a variable schedule over a period of 14 or fewer days. (Lab. C. 248.2(b)(1))

SPSL is in addition to paid leave an employee is entitled to receive under the Healthy Workplaces Healthy Families Act. (Lab. C. 248.2(b)(2)(D))

## RIGHT TO IMMEDIATE USE OF SPSL

Covered employees are entitled to use SPSL immediately upon “oral or written request” before use of other paid or unpaid leave provided by the employer. (Lab. C. 248.2(b)(2)(e) and (4)) When covered employees are excluded from the workplace pursuant to the Title 8 Emergency Temporary Standards due to COVID-19 exposure in the workplace<sup>4</sup>, an employer may require covered employees to first exhaust their SPSL to satisfy the employer’s Title 8 obligation to continue compensation and benefits during the exclusion period. (Lab. C. 248.2(b)(5))

## RATE OF COMPENSATION

Non-Exempt Employees: SPSL must be compensated at the *highest* of:

1. The covered employee’s regular rate of pay for the work week the covered employee uses SPSL;

<sup>2</sup> See footnote. 1, paragraph 1. “Child” is not restricted by age or require that a child over 18 be incapable of self-care.

<sup>3</sup> “**Covered employee**” means an employee who is unable to work or telework for an employer because of one of the QRs. (Lab. C. 248.2(a)(3))

<sup>4</sup> “COVID-19 exposure” means being within six (6) feet of a COVID-19 case for a cumulative total of 15 or more minutes within a 24-hour period.



2. The rate calculated by dividing the covered employee's total wages, not including overtime, by the employee's total hours worked in full pay periods of the prior 90 days of employment;
3. The state minimum wage; or
4. The local minimum wage to which the covered employee is entitled.

Exempt Employees: The rate calculated in the same manner as the employer calculates other forms of paid leave. (Lab. Code 248.2(b)(3)(A))

## **MAXIMUM COMPENSATION**

Employers are not required to pay more than \$511 per day or \$5,110 in the aggregate to a covered employee. (Lab. Code 248.2(b)(3)(C))

A covered employee who has reached the maximum compensation under section 248.2 may elect to use other available paid sick to receive full compensation. (Lab. C. 248.2(b)(3)(C))

## **OTHER EMPLOYER-PROVIDED SUPPLEMENTAL BENEFITS**

If an employer has paid an employee another supplemental benefit for leave taken after January 1, 2021, for one of the QRs, at a rate at least equal to the rate required under section 248.2, the employer may count the hours of the other supplemental benefits toward the total number of SPSL hours the employer is required to provide. (Lab. C. 248.2(c)) Some districts and county offices of education have provided such supplemental benefits by policy or memorandum of understanding with exclusive representatives. If the rate paid was not at least equal to the rate required by section 248.2, see RETROACTIVE APPLICATION, below.

## **EFFECTIVE PERIOD/RETROACTIVE APPLICATION OF SECTION 248.2**

Section 248.2 goes into effect on March 29, 2021, and is retroactive to January 1, 2021.

If an employer did not compensate an employee who took leave after January 1, 2021, for one of the specified QRs, at a rate at least equal to the rate required by section 248.2, "upon the oral or written request of the employee, the employer shall provide the covered employee with a retroactive payment that provides for such compensation." (Lab. C. sec. 248.2(e)(2)(A)) Payment is due "on or before the payday for the next full pay period after the oral or written request of the covered employee." (Lab. C. 248.2(e)(2)(C))

The number of hours paid retroactively "shall count toward the total hours of [SPSL] that the employer is required to provide [under section 248.2]." (Lab. C. 248.2(e)(2)(B))

Section 248.2 expires on September 30, 2021, "except that a covered employee taking [SPSL] at the time of expiration...shall be permitted to take the full amount of [SPSL] to which the covered employee otherwise would have been entitled. (Lab. C. sec. 248.2(f))



## NOTICE TO EMPLOYEES

Employers are required to display a poster in a conspicuous location of employees' rights to accrue, request, and use paid sick days, the amount of sick days, and the terms of use of paid sick days. The California Labor Commissioner will make a model notice available on or before March 26, 2021.

For employees who do not frequent the workplace, notice may be given by email.

Please contact our office with questions regarding this Legal Update or any other legal matter.

*The information in this Legal Update is provided as a summary of law and is not intended as legal advice. Application of the law may vary depending on the particular facts and circumstances at issue. We, therefore, recommend that you consult legal counsel to advise you on how the law applies to your specific situation.*

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[Click Here for COVID-19 Related Resources](#)

## FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

### Legislation Expands COVID-19 Supplemental Paid Sick Leave

 [BY DANYEL CONOLLEY](#)

 [BY SUZANNE SPECK](#)

Copyright 2021 School Services of California, Inc.

posted March 24, 2021

On Friday, March 19, 2021, Governor Gavin Newsom signed Senate Bill (SB) 95, which creates uniform, statewide policy to ensure employees have access to COVID-19 supplemental paid sick leave through September 30, 2021. You may recall that the federal stimulus bill enacted in December 2020 did not provide an extension of the Families First Coronavirus Response Act (FFCRA), thus Emergency Paid Sick Leave and the Emergency Family and Medical Leave Expansion Act expired December 31, 2020 (see "[Ask SSC . . . How Does the New Stimulus Package Impact the Families First Coronavirus Act \(FFCRA\)?](#)" in the December 2020 *Fiscal Report*). Absent federal or state law requiring local educational agencies (LEAs) to provide FFCRA leave, many have relied on local ordinances or accrued leave, unpaid leave, and other statutory leave entitlements to manage employee absences for COVID-19-related reasons.

SB 95 reinstates COVID-19 leave as a provision of state law and expands it to all public and private entities, including LEAs. SB 95 is retroactive to sick leave taken beginning January 1, 2021, and employers with 25 or fewer workers are exempt from this leave provision. LEAs that have provided COVID-19 leave locally since January 1, 2021, are in compliance with SB 95 due to the retroactive nature of the statute.

The qualifying reasons for leave under SB 95 are similar to those for FFCRA leave, with the addition of leave provided for employees to receive a COVID-19 vaccine. To qualify for the leave, a worker must be unable to work due to one of the following reasons:

- The worker is subject to a federal, state, or local quarantine or isolation order related to COVID-19
- The worker is advised by a health care provider to self-quarantine or self-isolate due to concerns related to COVID-19
- The worker is prohibited from working by the worker's hiring entity due to health concerns related to the potential transmission of COVID-19
- The worker is attending an appointment to receive a vaccine for protection against contracting COVID-19
- The worker is experiencing symptoms related to a COVID-19 vaccine that prevents the worker from being able to work
- The worker is experiencing symptoms of COVID-19 and seeking a medical diagnosis

- The worker is caring for an individual who is subject to a quarantine or isolation order, has been advised to self-quarantine or self-isolate, or is experiencing symptoms of COVID-19 and seeking a medical diagnosis
- The worker is caring for an individual whose school or place of care is closed, or otherwise unavailable, for reasons related to COVID-19

A worker who is considered full-time or who worked, or was scheduled to work, an average of at least 40 hours per week in the two weeks before the leave is taken is entitled to 80 hours of COVID-19 Supplemental Paid Sick Leave.

As stated above, if your LEA extended leave entitlements for COVID-related reasons beyond the expiration of the FFCRA and has been providing supplemental paid sick leave, your LEA is already providing leave in compliance with SB 95. Any supplemental paid sick leave provided since January 1, 2021, would be inclusive of the required 80 hours, or simply put, is running concurrent with SB 95 leave. We recommend that you work closely with legal counsel to ensure the application of leave is legally compliant.



# SPECIAL NOTICE

## New Sales and Use Tax Rates Operative April 1, 2021

The district tax changes listed below were approved by California voters in the November 2020 election. The tax rate changes apply only within the indicated city or county limits. The new tax rates, tax codes, acronyms, and expiration dates will be available to view and download as a spreadsheet prior to April 1, 2021, on our webpage, [California City & County Sales & Use Tax Rates](#). Go to our website at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov) and select [Tax and Fee Rates](#), then choose [Sales and Use Tax Rates](#) (scroll down to [Download](#) for the spreadsheet).

To find the specific tax rate for your area or business location on our website, from the *How Do I* section, select the *Find Your Tax Rate* and then select the *Sales and Use Tax Rates*. From there, go to the [California City & County Sales & Use Tax Rates](#) webpage and select [Find a Sales and Use Tax Rate by Address](#) under the *Current Tax Rates* section.

*Please note:* The new rates will be displayed on April 1, 2021. You may also call our Customer Service Center at 1-800-400-7115 (CRS:711). Customer service representatives are available to assist you Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.

### DISTRICT TAX RATE CHANGES

Citywide	New Code	Acronym	Prior Rate	New Rate
City of Atascadero (located in San Luis Obispo County)	888	ATEU	7.750%	8.750%
City of Bell Gardens (located in Los Angeles County)	840	BGTU	9.500%	10.250%
City of Bellflower (located in Los Angeles County)	842	BFTU	9.500%	10.250%
City of Bishop (located in Inyo County)	838	BSTU	7.750%	8.750%
City of Commerce (located in Los Angeles County)	846	CMTU	10.000%	10.250%
City of Concord (located in Contra Costa County) <sup>1</sup>	819	CNTU	8.750%	9.750%
City of Crescent City (located in Del Norte County)	834	CSTU	7.500%	8.500%
City of Daly City (located in San Mateo County)	895	DCRT	9.250%	9.750%
City of Exeter (located in Tulare County)	922	ECTU	7.750%	8.750%
City of Gonzales (located in Monterey County) <sup>2</sup>	866	GZTU	8.250%	8.750%
City of Grover Beach (located in San Luis Obispo County) <sup>3</sup>	925	GRCU	7.750%	8.750%
City of Guadalupe (located in Santa Barbara County) <sup>4</sup>	897	GUET	8.000%	8.750%
City of Imperial Beach (located in San Diego County)	886	IBEU	7.750%	8.750%
City of Lake Elsinore (located in Riverside County)	872	LETU	7.750%	8.750%
City of Lancaster (located in Los Angeles County)	848	LCTU	9.500%	10.250%
City of Lomita (located in Los Angeles County)	850	LLTU	9.500%	10.250%
City of Los Alamitos (located in Orange County)	870	LATU	7.750%	9.250%
City of Milpitas (located in Santa Clara County)	899	MPSU	9.000%	9.250%
City of Montclair (located in San Bernardino County)	878	MTES	8.000%	9.000%

<b>Citywide</b>	<b>New Code</b>	<b>Acronym</b>	<b>Prior Rate</b>	<b>New Rate</b>
City of Morro Bay (located in San Luis Obispo County) <sup>5</sup>	889	MRRT	7.750%	8.750%
City of Orinda (located in Contra Costa County) <sup>6</sup>	825	ORTU	8.750%	9.750%
City of Oxnard (located in Ventura County)	924	OXST	7.750%	9.250%
City of Palmdale (located in Los Angeles County)	852	PDTU	9.500%	10.250%
City of Paso Robles (located in San Luis Obispo County)	891	PRSU	7.750%	8.750%
City of Petaluma (located in Sonoma County)	914	PLTU	8.250%	9.500%
City of Rancho Cordova (located in Sacramento County)	876	RHRT	8.250%	8.750%
City of Redlands (located in San Bernardino County)	880	RLTU	7.750%	8.750%
City of San Bernardino (located in San Bernardino County) <sup>7</sup>	882	SBNT	8.000%	8.750%
City of San Fernando (located in Los Angeles County) <sup>8</sup>	854	SNTU	10.000%	10.250%
City of San Jacinto (located in Riverside County)	874	SJTU	7.750%	8.750%
City of San Luis Obispo (located in San Luis Obispo County) <sup>9</sup>	892	SLCT	7.750%	8.750%
City of San Rafael (located in Marin County)	862	SRET	9.000%	9.250%
City of Signal Hill (located in Los Angeles County)	856	SHTU	9.500%	10.250%
City of Soledad (located in Monterey County)	868	STST	8.750%	9.250%
City of South El Monte (located in Los Angeles County)	858	SEME	10.000%	10.250%
City of South Lake Tahoe (located in El Dorado County)	836	SLTU	7.750%	8.750%
City of Turlock (located in Stanislaus County)	920	TLEU	7.875%	8.625%
City of Victorville (located in San Bernardino County)	884	VCET	7.750%	8.750%
City of West Hollywood (located in Los Angeles County)	860	WHTU	9.500%	10.250%
City of Willits (located in Mendocino County)	864	WCET	8.375%	9.125%

<b>Countywide</b>	<b>New Code</b>	<b>Acronym</b>	<b>Prior Rate</b>	<b>New Rate</b>
Contra Costa County (This rate applies in all unincorporated areas and in incorporated cities that do not impose a district tax.)	816	CCTU	8.250%	8.750%
City of Antioch	817		9.250%	9.750%
City of Concord	819		8.750%	9.750%
City of El Cerrito	820		9.750%	10.250%
City of Hercules	821		8.750%	9.250%
City of Martinez	822		9.250%	9.750%
Town of Moraga	823		9.250%	9.750%
City of Orinda	825		8.750%	9.750%
City of Pinole	826		9.250%	9.750%
City of Pittsburg	827		8.750%	9.250%
City of Pleasant Hill	828		8.750%	9.250%
City of Richmond	829		9.250%	9.750%
City of San Pablo	830		8.750%	9.250%
Sonoma County (This rate applies in all unincorporated areas and in incorporated cities that do not impose a district tax.)	910	SOMT	8.250%	8.500%
City of Cotati <sup>10</sup>	911		9.250%	9.500%
City of Healdsburg <sup>11</sup>	912		8.750%	9.000%
City of Petaluma	914		8.250%	9.500%
City of Rohnert Park	915		8.750%	9.000%
City of Santa Rosa	916		9.000%	9.250%
City of Sebastopol	917		9.000%	9.250%
City of Sonoma <sup>12</sup>	918		8.750%	9.000%

Unincorporated Area <sup>13</sup>	New Code	Acronym	Prior Rate	New Rate
Del Norte County Unincorporated Area	832	DNTU	7.500%	8.500%

- 1 The city increased its existing tax of 0.50 percent (CNCD) to 1.00 percent (CNTU) in addition to the Contra Costa countywide increase of 0.50 percent listed in the countywide table.
- 2 The city increased its existing tax of 0.50 percent (GZGT) to 1.00 percent (GZTU) and extended the expiration date to March 31, 2044.
- 3 The city increased its existing tax of 0.50 percent (GRBH) to 1.50 percent (GRCU) and extended the expiration date indefinitely.
- 4 The city approved a new 1.00 percent (GUET) to replace the existing 0.25 percent (GUAD) which will expire March 31, 2021.
- 5 The city approved a new 1.50 percent (MRRT) to replace the existing 0.50 percent (MRBY) which will expire March 31, 2021.
- 6 The city increased its existing tax of 0.50 percent (ORGT) to 1.00 percent (ORTU) and extended the expiration date to March 31, 2041 (in addition to the Contra Costa countywide increase of 0.50 percent listed in the countywide table).
- 7 The city approved a new 1.00 percent (SBNT) to replace the existing 0.25 percent (SBRN) which will expire March 31, 2021.
- 8 The city increased its existing tax of 0.50 percent (SNFE) to 0.75 percent (SNTU) and extended the expiration date indefinitely.
- 9 The city increased its existing tax of 0.50 percent (SLOG) to 1.50 percent (SLCT) and extended the expiration date indefinitely.
- 10 The existing city tax of 1.00 percent (COTI) set to expire September 30, 2023, was extended indefinitely.
- 11 The existing city tax of 0.50 percent (HDBG) set to expire March 31, 2023, was extended indefinitely.
- 12 The existing city tax of 0.50 percent (SOGT) set to expire September 30, 2022, was extended indefinitely.
- 13 This new tax applies in the unincorporated area of the county only and it does not affect the rate that applies in incorporated cities within the county.

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Please note: Four other existing district taxes were extended by voters in November 2020:

- The existing 0.75 percent tax for the City of Fortuna (FOGT) set to expire March 31, 2025, was extended to March 31, 2033.
- The existing 0.75 percent tax for the City of Greenfield (GRFD) set to expire March 31, 2021, was extended to March 31, 2027.
- The existing 0.75 percent tax for the City of Trinidad (TRGF) set to expire March 31, 2021, was extended to March 31, 2025.
- The existing 0.50 percent tax for the City of Wheatland (WTLT) set to expire March 31, 2021, was extended to March 31, 2031.



California State Teachers'  
Retirement System  
Executive Office  
PO Box 15275  
Sacramento, CA 95851-0275  
CalSTRS.com

January 16, 2021

TO: All County Superintendents of Schools  
District Superintendents of Schools  
Community College Districts and  
Other Employing Agencies

FROM: Jack Ehnes  
EXECUTIVE OFFICE

SUBJECT: Employer Directive 2021-01  
Changes in the Teachers' Retirement Law made by Chapter 275, Statutes of 2020,  
(Assembly Bill 2101)

**PURPOSE:**

This directive notifies employers of changes to Education Code sections contained in Chapter 275, Statutes of 2020 (Assembly Bill 2101), that affect employers and became effective January 1, 2021.

**SCOPE:**

This directive contains information for county superintendents of schools, school districts, charter schools, community college districts and any agency that employs persons to perform creditable service under the CalSTRS Defined Benefit (DB), Defined Benefit Supplement (DBS) and Cash Balance Benefit (CB) programs.

**DISCUSSION OF CHANGES REQUIRING NEW ACTION:**

Below is a summary of the changes made by AB 2101 that require employers take new action.

**Leave of Absence**

Creditable compensation includes remuneration that is paid for the use of sick leave, vacation leave or an employer-approved compensated leave of absence. The definition of "leave of absence" that was added to the Teachers' Retirement Law in 2016 narrowed the definition and excluded certain types of leaves from being creditable to CalSTRS.

Chapter 275, Statutes of 2020, amends Education Code section 22144.3, the definition of "leave of absence," by adding subsection (b) to include "employer-approved compensated leave" that is not "expressly authorized" by specific sections of the Education Code, so long as the employer-approved compensated leave was or is taken on or after January 1, 2016. Consequently, this change allows remuneration that is paid for any employer-approved compensated leave of absence to be creditable to CalSTRS.

### Action

Report compensation and remit the associated contributions for use of employer-approved compensated leaves of absence that meet the amended definition of “leave of absence” as stated in Education Code section 22144.3. Report employer-approved compensated leaves of absence that were taken between January 1, 2016, and December 31, 2020, but which were previously excluded from the definition of “leave of absence,” and remit the associated contributions.

*Important:* When possible, please submit reporting adjustments for employer-approved compensated leaves of absence that were taken between January 1, 2016, and December 31, 2020, using a Supplemental File.

Refer to [Employer Directive 2020-06](#), available on [CalSTRS.com/employers-and-administrative-directives](http://CalSTRS.com/employers-and-administrative-directives), for more in-depth information on the amendments made to the definition of “leave of absence” and how to report any retroactive adjustments.

### **Copies of Retirement System Election Forms**

Education Code section 22509 allows DB Program members to permissively elect continued DB coverage when taking a position that would otherwise be covered by another public retirement system. A member making this election submits the *Retirement System Election* form (ES 372) to their employer. Prior to this legislation, the employer needed to transmit a copy to both the elected retirement system and to the unchosen system. Employers were not required to retain a copy of the form.

Chapter 275, Statutes of 2020, removes the requirement for employers to transmit a copy of the election form to the unchosen retirement system and requires employers to retain a copy of the form.

### Action

When an employee elects to continue DB coverage, transmit a copy of the *Retirement System Election* form (ES 372) to CalSTRS, and retain a copy of the form in your records for the employee. Employers are no longer required to transmit a copy of the election form to CalPERS if it is not the chosen retirement system.

### **Elected Officer Clarification**

Education Code section 22711 grants members service credit for time during which they are on a compensated leave of absence to serve as an elected officer of an employee organization if they meet certain requirements and remit contributions to CalSTRS. Their employer must also remit contributions during the leave. The employer contribution rate for elected officers is determined annually by the Teacher’s Retirement Board and can be found on CalSTRS.com in the annual interest and contribution rate directive.

Prior to this legislation, the statute was broadly worded to require employers to contribute at the elected officer contribution rate on the creditable compensation that would have been paid for service performed on a full-time basis and did not cover situations in which elected officer duties are performed during a partial leave of absence. In addition, while CalSTRS’ practice has been to provide full retirement benefits for the elected officer service, the statute only specified that elected officers receive service credit for the time they are on leave.

Chapter 275, Statutes of 2020, clarifies that employers must only remit the board-adopted contribution rate for the percentage of time the member is on a leave of absence to serve as an elected officer. It also acknowledges that members may be on a partial leave of absence and makes clear that members are entitled to all benefits they otherwise would have been due had they not been on leave.

Action

When reporting members' service performed as an elected officer, report under the appropriate Assignment Code for elected officers and remit contributions at the board-adopted rate only for the percentage of time the member is on a leave of absence to serve as an elected officer.

**CalSTRS Retirement Incentive Program and Postretirement Employment**

Education Code section 22714 allows employers participating in the CalSTRS Retirement Incentive Program to provide eligible DB Program members with two years of additional service credit if the member elects to retire during a specific window period. Employers must pay the cost of the benefit and associated administrative fees and demonstrate that the incentive would result in a net savings to the district.

If the member reinstates to active status, receives unemployment during the year after receiving the incentive or takes any job within the district that granted the incentive within five years of retirement, the member will lose the ongoing increase in the benefit. Prior to this legislation, the statute did not address situations in which a retired member takes a job as an independent contractor or an employee of a third party within the district that granted the incentive, which could also reduce the demonstrated net savings of the district.

Chapter 275, Statutes of 2020, includes taking any job as an independent contractor or as an employee of a third party working within the district that granted the incentive as situations in which a member will lose the ongoing increase in the benefit, mitigating potential circumstances in which the demonstrated net savings of the district could be affected.

Action

When hiring CalSTRS retirees, employers are required to inform them of all postretirement restrictions in accordance with Education Code section 22461.

**DISCUSSION OF CHANGES REQUIRING NO NEW ACTION OR NO CHANGE IN ACTION:**

Below is a summary of changes made by AB 2101 that do not require employers take new or different action. Amendments to the Education Code sections outlined below are for clarification purposes only. No employer action is needed.

**Basic and Excess Sick Leave Days**

Education Code section 22170.5 previously defined a "basic sick leave day" as the equivalent of one day's paid leave of absence per pay period due to illness or injury. This generally meant up to 12 days per school year of basic sick leave can be offered by an employer. Any days offered in excess of that amount are "excess sick leave days."

Chapter 275, Statutes of 2020, clearly differentiates between basic and excess sick leave days granted by an employer in a school year. Basic sick leave days consist of 12 or fewer days, and

excess sick leave days are any days in excess of 12 days in a school year. Additionally, subdivision (e) is added to Education Code section 22717 to stipulate that members may not receive service credit for accumulated unused sick leave at CalSTRS if they are already receiving service credit in another public retirement system for the same days.

### **Creditable Service for Audiometrists**

The work of audiometrists has historically been creditable to CalSTRS since they were required to be licensed by the Education Code, and employees performing those activities were CalSTRS members. In 2015, the definition of “creditable service” was changed to require that prekindergarten through grade 12 employees must be employed in a position requiring certification by the Commission on Teacher Credentialing (CTC) in order to perform creditable service. Since the CTC does not certify audiometrists, their work was inadvertently omitted from the revised definition. CalSTRS became aware of the issue and gave direction to employers to continue to report the work of audiometrists to CalSTRS until amendments to the law could be made.

Chapter 275, Statutes of 2020, amends Education Code section 22119.5 to ensure audiometrist service is correctly reported to CalSTRS by clarifying that creditable service includes their work if they hold a certificate of registration issued by the State Department of Health Care Services.

### **DB Coverage for State Employees**

Prior to this legislation, the law included the state as an employer within the DB Program definition of “creditable service.” While the state may employ CalSTRS members, those employees retain membership only because of a retirement system election, pursuant to Education Code section 22508, not as a result of performing creditable service. The state is not included as an employer in statutes related to mandatory DB membership for educators employed to perform creditable service on a part-time basis or as a substitute. Those provisions specifically require the service to be performed for a school district, community college district or county office of education. However, the section requiring mandatory membership for full-time employees failed to make the same distinction. Additionally, the CB Benefit Program excludes the state as an employer, yet the CB definition of “creditable service” erroneously included the state.

Chapter 275, Statutes of 2020, removes the state as an employer within the definition of “creditable service” for both the DB and CB Benefit programs. It also clarifies that mandatory membership only applies to creditable service performed at a school district or county office of education in Education Code section 22501.

### **Obsolete Definition of “Overtime”**

Prior to this legislation, the law defined “overtime;” however, the term is not referenced by any other part of the Teachers’ Retirement Law. Chapter 275, Statutes of 2020 removes the obsolete definition of “overtime” from the Teachers’ Retirement Law.

### **Crediting Overpayments of Contributions, Penalties and Interest**

CalSTRS is required by statute to collect contributions and assesses penalties and interest on late reporting and late contributions associated with member and participant service. All money received is due for purposes of funding the plan. Instead of refunding, CalSTRS has moved to crediting employers’ accounts with any amounts overpaid. Employers may apply the credits to

outstanding contribution or penalties and interest balances within 90 days from the date the payment is received by CalSTRS. After 90 days, CalSTRS applies the credit to any outstanding balance remaining.

Chapter 275, Statutes of 2020, clarifies that penalties and interest due to the system are additional required contributions and, when received, are treated in the same manner as other contributions, including being applied to any outstanding receivables for either contributions or penalties and interest.

Refer to Employer Circular EIC20-1 Volume 36 Issue 1, available on [CalSTRS.com/employer-information-circulars](https://www.calstrs.com/employer-information-circulars), for more in-depth information on the crediting of contributions and penalties and interest payments.

### **Benefit Effective Dates**

For the DB Program, the benefit effective date for retirement is “no earlier than the date upon which the member completes payment of a service credit purchase.” This language could be interpreted to allow a member to retire on the same day a service credit purchase is completed. However, a benefit cannot commence until the day after service credit is purchased.

For the CB Benefit Program, all creditable service subject to coverage under the program must be terminated prior to the participant’s retirement date. Prior to this legislation, the law did not specify whether a CB participant may backdate the benefit effective date for retirement. However, CalSTRS’ disallows backdating as CB benefits are understood to be prospective, and age and service are not factors in the benefit amount.

Chapter 275, Statutes of 2020, clarifies that DB members must choose a benefit effective date at least one day after a completed service credit purchase. It also clarifies that the CB benefit effective date for retirement cannot be earlier than the first day of the month in which an application is received by the system.

### **Lump-Sum Benefit Changes**

When applying to receive a benefit, DB members and CB participants may elect to receive a DBS distribution or CB termination benefit as a lump sum, partial lump sum or annuity. Under current law, DB members can make changes to their retirement application, including their distribution preferences, within 30 days of receiving their first benefit payment. However, prior to this legislation the law was silent regarding the timeframe in which members or participants must return their lump-sum distribution to the system prior to CalSTRS paying out the newly chosen distribution type.

Chapter 275, Statutes of 2020, clarifies that DBS and CB lump-sum distributions must be returned within 45 calendar days from the date a request to change distribution type is received by CalSTRS when the request is to change from a lump sum to an annuity.

### **Break in Service for Termination Benefits**

Members and participants may receive a DBS or CB termination benefit, which is equal to the sum of the balance of a member’s or participant’s contributions, the employers’ contributions plus any compounded interest and additional earnings credits as of the date the benefit is paid. To ensure a break in service has occurred, prior to this legislation, these termination benefits were not payable until six months had elapsed since the last day of service was performed. In

other benefit payment situations requiring a break in service, the separation period is 180 calendar days.

Chapter 275, Statutes of 2020, makes the DBS and CB break-in-service requirements for termination benefits consistent with other break-in-service statutes by requiring a 180-calendar day separation period, instead of six months.

### **Employment Certification for CB Retirements**

When CB participants apply for retirement within one year of the last day they performed service, their employers must certify employment termination on a form. CalSTRS is implementing a new pension administration system that will allow employers to provide this information electronically.

Chapter 275, Statutes of 2020, clarifies employers can certify employment termination in a “format” prescribed by the system, which includes electronic formats planned for the new CalSTRS pension administration system.

### **CB Retirement Application Change Requests**

While Education Code section 24204 details the process for making changes to DB retirement applications, the law, prior to this legislation, was silent on permissible changes to CB retirement applications. In practice, changes to CB retirement applications were only accepted if a participant’s application had not yet been processed.

Chapter 275, Statutes of 2020, specifies that participants may change or cancel a CB retirement application provided the request is received at the system’s headquarters no later than 30 days from, and repayment of any benefits paid occurs within 45 days of the issue date of, the participant’s initial benefit payment.

### **CB Annuity Termination**

Current law allows CB annuity recipients to self-terminate their annuity, reinstate as a participant and resume contributing to the CB Benefit Program. Unlike DB members, prior to this legislation, CB participants were not able to choose a specific annuity termination date. The termination date was the first day of the month designated by the participant.

Chapter 275, Statutes of 2020, aligns the CB annuity termination process with the DB process and allows participants to terminate their annuity on any date they designate, provided the termination date is no earlier than the first day of the month in which CalSTRS receives the request. This measure also provides a process by which participants can cancel or change a CB reinstatement request after submitting the request.

### **REFERENCES:**

This Employer Directive does not take precedence over the law. To view Chapter 275, Statutes of 2020 (AB 2101), in its entirety, please go to <http://leginfo.legislature.ca.gov>.

If you have any questions regarding this Employer Directive, please contact your CalSTRS Member Account Services Representative.